

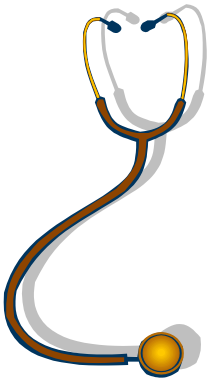
# CONSUMER ALERT

## DISCOUNT HEALTH PLANS

**WARNING --** Discount health plans can be hazardous to your pocketbook. Unscrupulous marketers falsely promising huge discounts on medical care are preying upon vulnerable Californians desperate for affordable alternatives to high health-care insurance.

These discount plans convince consumers to buy a “membership” which claims to give discounted services from a network of participating medical providers. Consumers beware -- discount plans are not insurance -- you must still pay **all** of the medical bills.

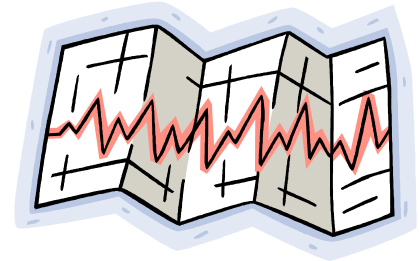
**Consumers beware! *Be on guard if a plan:***



- Offers exaggerated discounts -- Investigators found at least one plan offering a discount of up to 80%.
- Does not actually contract with the providers on the list -- Providers may not know about the programs, so they can't give the promised discounts.
- Requires payment prior to sending information -- Some discount plans require your credit card or checking-account number up front, and begin to withdraw payments prior to sending written information to you.
- Does not spell out cancellation or refund practices -- Some plans continue charging fees after cancellation, or won't refund any money.

**BEFORE purchasing a discount health plan, you should:**

- ALWAYS read the terms and conditions carefully and be sure you understand them.
- ALWAYS call the medical providers you will use to make sure they have agreed to give the discount, and if so, the amount of the discount.
- ALWAYS do the math. Make sure the promised discount saves more than the annual price for the discount card.
- ALWAYS get cancellation and refund information.
- NEVER give out personal information such as mother's maiden name or social security number.
- NEVER give a plan your credit card or checking-account number to automatically deduct fees unless you are absolutely sure that the discount plan is legitimate.



***The California Department of Managed Health Care warns that discount health plans are not insurance.***

## **Before Purchasing a Discount Health Plan Ask These Questions:**

- ☐ Can I have a list of providers that are in the network?
- ☐ Will I get a regular statement outlining my savings?
- ☐ If I have to pay immediately for services, how do I know I am getting a discount?
- ☐ What happens if the provider I am referred to doesn't know about the health- discount program?
- ☐ Is the initial fee refundable?
- ☐ Can I get your cancellation policy in writing?

**If you have questions regarding discount health plans, assistance is available 24 hours a day, seven days a week at the Department of Managed Health Care HMO Help Center. Call toll free – 888-HMO-2219 or (TDD) (887) 688-9891, or log on to [www.hmohelp.ca.gov](http://www.hmohelp.ca.gov).**

For additional information:

### **Better Business Bureau**

- **Sacramento** - (916) 443-6843, fax (916) 441-3356, [www.necal.bbb.org](http://www.necal.bbb.org), or email to [info@northeastcalifornia.bbb.org](mailto:info@northeastcalifornia.bbb.org)
- **San Francisco** – (510) 238-1000, fax (510) 238-1018, [www.oaklandbbb.org](http://www.oaklandbbb.org), or email to [info@oaklandbbb.org](mailto:info@oaklandbbb.org)
- **Los Angeles** – (909) 825-7280, fax (909) 825-6246, [www.labbb.org](http://www.labbb.org), or email to [info@labbb.org](mailto:info@labbb.org)

**Federal Trade Commission** (877-FTC-HELP), [www.ftc.gov/bcp/online/pubs/alerts/medplanlrt.htm](http://www.ftc.gov/bcp/online/pubs/alerts/medplanlrt.htm)



**Arnold Schwarzenegger, Governor**  
State of California

**Sunne Wright McPeak, Secretary**  
Business, Housing and Transportation Agency

**Lucinda A. Ehnes, Director**  
Department of Managed Health Care

September 2004